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SERVICE DATE - NOVEMBER 19, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20931]¹

Coach USA, Inc., and Coach USA North Central, Inc.--Control--Nine Motor Passenger Carriers

[STB Docket No. MC-F-20932]

Coach USA, Inc., and Coach USA Northeast, Inc.--Control--30 Motor Passenger Carriers

[STB Docket No. MC-F-20933]

Coach USA, Inc., and Coach USA South Central, Inc.--Control--Eight Motor Passenger Carriers

[STB Docket No. MC-F-20934]

Coach USA, Inc., and Coach USA Southeast, Inc.--Control--Seven Motor Passenger Carriers

[STB Docket No. MC-F-20935]

Coach USA, Inc., and Coach USA West, Inc.--Control--14 Motor Passenger Carriers

[STB Docket No. MC-F-20936]

Coach USA, Inc., and Yellow Cab Service Corporation--Control--Four Motor Passenger Carriers

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transactions.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier, and its wholly owned noncarrier subsidiaries, Coach USA North Central, Inc. (North Central), Coach USA Northeast, Inc. (Northeast), Coach USA South Central, Inc. (South Central), Coach USA Southeast, Inc.

¹ These proceedings are not consolidated. A single decision is being issued for administrative convenience.

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(Southeast), Coach USA West, Inc. (West), and Yellow Cab Service Corporation (Yellow Cab Service) (collectively, the subsidiaries), filed applications under 49 U.S.C. 14303 for the subsidiaries to acquire direct control of motor passenger carriers that are currently controlled by Coach or are subject to pending applications for control. The control applications that are the subject of this notice are in furtherance of an internal corporate reorganization plan by Coach. Persons wishing to oppose the applications must follow the rules under 49 CFR 1182.5 and 1182.8.² The Board has tentatively approved the transactions, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by January 4, 1999. Applicants may file a reply by January 19, 1999. If no comments are filed by January 4, 1999, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20931, et al. to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of comments to applicants' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695].

SUPPLEMENTARY INFORMATION: With the growth in the number of Coach-controlled carriers, Coach has determined that it can best maintain and improve the management of its controlled operating carriers, and promote the future growth of Coach, by establishing noncarrier subsidiaries, organized primarily on a regional basis,³ that will directly control the existing and future operating carriers of Coach.⁴ The transfer of control of each of the motor passenger carriers to one of the subsidiaries will be by a transfer of the ownership interest in each operating carrier (either the stock of the carrier or the stock of the carrier's parent) to the respective subsidiary. Coach will remain the sole owner of all of the

² Revised procedures governing finance applications filed under 49 U.S.C. 14303 were adopted in Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers, STB Ex Parte No. 559 (STB served Sept. 1, 1998).

³ Yellow Cab Service is the exception. It will control those operating carriers that focus their services on premium, taxicab, and other specialized transportation services, rather than carriers in a specific region of the country.

⁴ In addition to the instant applications, Coach states that it plans to file another application jointly with Coach Canada, Inc., pursuant to which that subsidiary will seek approval to acquire control of Coach-controlled motor passenger carriers based in Canada.

stock of the subsidiaries and will indirectly control the operating carriers, providing certain management, corporate and administrative services and benefits to the subsidiaries. Coach submits that there will be no transfer of any federal or state operating authorities held by any of the carriers to be acquired by the subsidiaries and that they will continue operating in the same manner as before the acquisitions of control. Accordingly, Coach asserts that granting the application will not reduce competitive options available to the traveling public.

Coach submits that granting the application will allow the subsidiaries to maintain and improve the high quality of services that are now offered by Coach to each of the operating carriers it controls. According to Coach, by further decentralizing certain management functions, Coach and its subsidiaries will be better able to plan equipment utilization, develop financial plans and coordinate other short- and long-term operational strategies best designed to meet the specific and unique needs of the carriers assigned to each subsidiary, and their customers. Specifically, each subsidiary will maintain a database of assets, including the vehicles operated by each of the operating carriers, which will allow management to more effectively deploy vehicles, resulting in more timely and efficient service to the traveling public. Further, each of the subsidiaries will coordinate the safety and compliance programs of the carriers it controls, with the object of maintaining and raising safety performance levels for each of the operating carriers.

In STB Docket No. MC-F-20931, North Central will be responsible for Coach-controlled carriers that are based in the following states or areas: Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, western New York, western Pennsylvania, West Virginia, and Wisconsin. North Central seeks control of the following nine⁵ motor passenger carriers: Airlines Acquisition Company, Inc., d/b/a Airlines Transportation Company (MC-223575); Blue Bird Coach Lines, Inc. (MC-108531); Butler Motor Transit, Inc. (MC-126876); Gad-About Tours, Inc. (MC-198451); Keeshin Transportation, L.P. (MC-263222); Keeshin Charter Services, Inc. (MC-118044); Lenzner Transportation Management Services d/b/a Lenzner Coach Lines (MC-237433); Niagara Scenic Bus Lines, Inc. (MC-30787); and Wisconsin Coach Lines, Inc. (MC-123432).⁶

⁵ On October 21, 1998, Coach and North Central filed a separate application for the control of two additional carriers in Coach USA, Inc., and Coach USA North Central, Inc.--Control--Central Cab Company and Mountaineer Coach, Inc., STB Docket No. MC-F-20939.

⁶ In Coach USA, Inc.--Control--Clinton Avenue Bus Company; Orange, Newark, Elizabeth Bus, Inc.; and Wisconsin Coach Lines, Inc., STB Docket No. MC-F-20930, Coach seeks an exemption to acquire control over Clinton Avenue Bus Company, Orange, Newark, Elizabeth Bus, Inc., and Wisconsin Coach Lines, Inc. A notice was served and
(continued...)

In STB Docket No. MC-F-20932, Northeast will be responsible for Coach-controlled carriers that are based in the following states or areas: Connecticut, Delaware, eastern New York, eastern Pennsylvania, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Rhode Island, Vermont, and Washington, DC. Northeast seeks control of the following 30⁷ motor passenger carriers: Brunswick Transportation Company, d/b/a The Maine Line (MC-109495); Cape Transit Corp. (MC-161678); Chenango Valley Bus Lines, Inc. (MC-141324); Clinton Avenue Bus Company (MC-223062),⁸ Colonial Coach Corp. (MC-39491); Community Coach, Inc. (MC-76022); Community Transit Lines, Inc. (MC-145548); GL Bus Lines, Inc. (MC-180074); Gray Line Air Shuttle, Inc. (MC-218255); Gray Line New York Tours, Inc. (MC-180229); H.A.M.L. Corp. (MC-194792); Hudson Transit Corp. (MC-133403); Hudson Transit Lines, Inc. (MC-228); International Bus Services, Inc. (MC-155937); Leisure Time Tours (MC-142011); Mini Coach of Boston (MC-231090); Olympia Trails Bus Co., Inc. (MC-138146); Orange, Newark, Elizabeth Bus, Inc. (MC-206227);⁹ Pawtuxet Valley Bus Lines (MC-115432); Progressive Transportation Services, Inc. (MC-247074); Red & Tan Tours, Inc. (MC-162174); Red & Tan Charter, Inc. (MC-204842); Rockland Coaches, Inc. (MC-29890); Suburban Trails, Inc. (MC-149081); Suburban Transit Corp. (MC-115116); Suburban Management Corp. (MC-264527); Syracuse & Oswego Coach Lines, Inc. (MC-117805); The Arrow Line, Inc. (MC-1934); Utica-Rome Bus Co., Inc. (MC-7914); and Van Nortwick Bros., Inc. (MC-149025).

In STB Docket No. MC-F-20933, South Central will be responsible for Coach-controlled carriers that are based in the following states or areas: Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Tennessee, and Texas. South Central seeks control of the following eight motor passenger carriers: Americoach Tours, Limited (MC-212649); Bayou City Coaches, Inc. (MC-245246); Browder Tours, Inc. (MC-236290); El Expreso, Inc. (MC-244195); Gulf Coast Transportation, Inc. (MC-201397); Kerrville Bus Company, Inc. (MC-27530); Stardust Tours, Inc., d/b/a Gray Line Tours of Memphis (MC-318341); and Texas Bus Lines, Inc. (MC-37640).

⁶(...continued)

published in the Federal Register (63 FR 51397) on September 25, 1998, instituting an exemption proceeding. Comments were due by November 9, 1998.

⁷ On October 21, 1998, Coach and Northeast filed a separate application for the control of one additional carrier in Coach USA, Inc., and Coach USA Northeast, Inc.--Control--Bonanza Bus Lines, Inc., STB Docket No. MC-F-20937.

⁸ See supra note 6.

⁹ See supra note 6.

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In STB Docket No. MC-F-20934, Southeast will be responsible for Coach-controlled carriers that are based in the following states or areas: Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia. Southeast seeks controls of the following seven motor passenger carriers: Air Travel Transportation, Inc., d/b/a Atlanta Airport Shuttle and Atlanta Airport Shuttle, Inc. (MC-166420); America Charters, Ltd. (MC-153814); American Sightseeing Tours, Inc. (MC-252353); Le Bus, Inc. (MC-210900); P&S Transportation, Inc. (MC-255382); Tippet Travel, Inc., d/b/a Marie's Charter Bus Lines (MC-174043); and Tucker Transportation Company, Inc. (MC-223424).

In STB Docket No. MC-F-20935, West will be responsible for Coach-controlled carriers that are based in the following states or areas: Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming. West seeks control of the following 14 motor passenger carriers: Airport Bus of Bakersfield (MC-163191); Antelope Valley Bus, Inc. (MC-125057); Arrow Stage Lines, Inc. (MC-29592); Black Hawk-Central City Ace Express, Inc. (MC-273611); California Charters, Inc. (MC-241211); Desert Stage Lines, Inc. (MC-140919); Grosvenor Bus Lines, Inc. (MC-157317); K-T Contract Services, Inc. (MC-218583); Gray Line Tours of Southern Nevada, Inc. (MC-127564); PCSTC, Inc. (MC-184852); Powder River Transportation Services, Inc. (MC-161531), Salt Lake Coaches, Inc. (SLC);¹⁰ Valen Transportation, Inc. (MC-212398); and Worthen Van Service, Inc. (MC-142573).

In STB Docket No. MC-F-20936, Yellow Cab Service will be responsible for those Coach-controlled carriers that focus on specialized transportation services. Yellow Cab Service seeks control of the following four motor passenger carriers: Airport Limousine Service, Inc. (MC-315702); Pittsburgh Transportation Charter Services, Inc. (MC-319195); Metro Cars, Inc. (MC-276823); and Kansas City Executive Coach, Inc. (MC-203805).

Coach and the subsidiaries plan to acquire control of additional motor passenger carriers in the coming months. Coach anticipates that the subsidiaries will be well-positioned to aid in the assessment of possible future acquisitions of motor passenger carriers in the particular area in which each subsidiary functions. According to Coach, the subsidiaries will be able to make those assessments in view of the operations of the carriers under their control and with a view toward developing and carrying out a strategic growth plan best suited to their particular area. Coach asserts that, as a result of the transfer of control to the subsidiaries, the operating carriers will become stronger and more responsive competitors in the areas in which each operates. Thus, the traveling public will have a

¹⁰ Coach states that SLC does not yet hold federally issued operating authority but has filed an application with the Federal Highway Administration. In Coach USA, Inc.--Continuance in Control--Salt Lake Coaches, Inc., STB Docket No. MC-F-20928 (STB served Sept. 4, 1998), Coach's continuance in control of SLC was approved upon SLC's becoming a motor passenger carrier.

higher level of assurance of access to passenger services due to the ability of the management of each subsidiary to coordinate the movement of vehicles between and among the operating carriers. In addition, the traveling public will benefit from the strategic planning and coordination by each subsidiary, as well as the ability of management to be responsive to the concerns, complaints and issues raised by the traveling public.

Coach certifies that none of the carriers to be acquired by the subsidiaries holds an unsatisfactory safety rating from the U.S. Department of Transportation; that each has sufficient liability insurance; and none is domiciled in Mexico or owned or controlled by persons of that country; and that approval of the transactions will not significantly affect either the quality of the human environment or the conservation of energy resources. Additional information may be obtained from the applicants' representatives.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

On the basis of the applications, we find that the proposed acquisitions of control are consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the applications.¹¹ If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed acquisitions of control are approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed as having been vacated.

¹¹ Under revised 49 CFR 1182.6(c), a procedural schedule will not be issued if we are able to dispose of opposition to the application on the basis of comments and the reply.

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3. This decision will be effective on January 4, 1999, unless timely opposing comments are filed.

4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Office of Motor Carriers-HIA 30, 400 Virginia Avenue, S.W., Suite 600, Washington, DC 20024; and (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: November 12, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary